

Congressional defeat won't stop NAFTA, say backers

by Chris White

Now, almost on the eve of the ill-starred congressional vote on the North American Free Trade Agreement (NAFTA), it is worth reflecting on what a ranking official in Mexico's Finance Ministry told a journalist acquaintance in a recent discussion. It doesn't matter, he said, whether the agreement is approved by the U.S. Congress or not. Either way, we are going to go ahead. If the vote is for, then we will go ahead in January. If the vote is against, there will be a delay of six months or so, and we will go ahead under the auspices of the Organization for Economic Cooperation and Development (OECD).

Mexico, it seems, is supposed to be leaving behind the status conferred by the neologism "emerging economy," to qualify as one of the members of the club of the "advanced" sector economies, which is what the OECD, an outgrowth of various post-World War II Marshall Plan-type reconstruction agencies, is supposed to be. Now, though, the epithet "advanced" might be more appropriately attributed as clinical.

In joining the OECD, Mexico is undertaking to do precisely the things which will be voted on—and also not voted on—since "openness of markets," "deregulation," and so on, are among the qualifications for moving out of "emerging" nation status and into full looted decrepitude.

Roughshod over the Constitution

The Mexican official's assertion is no mere macho blustering. It ought instead to point to the importance of the agreement in some quarters, and to how it is, that the institutions of the presidency and the Congress are being put on the line on behalf of an agreement which is going to go ahead anyway, no matter what the outcome of the vote.

Not so long ago, *EIR* reported on how the agreement contained "secret" provisions pertaining to the financial sub-

jugation of Mexico, and to the destruction of the sovereignty of the United States, through final destruction of U.S. national credit, by way of the creation of an offshore, dollar-denominated credit-generating facility, which would be turned back against the United States. The Mexican official tells us that, in effect, the vote takes place under comparable political arrangements. That exercise of sovereign, constitutionally mandated legislative authority is considered in some circles irrelevant.

You see, the would-be architects of the universe have their own plan, each version of which becomes progressively more insane than the last.

NAFTA is to be voted Nov. 17. The next day, President Clinton is slated to host, in Seattle, Washington, a meeting, at the heads of state level, of the APEC group, the Asia Pacific Economic Council. This group brings together, among others, Japan and the Republic of Korea, the People's Republic of China, Australia and New Zealand, and the countries which are members of the Association of Southeast Asian Nations.

Already mooted is the proposal to extend the NAFTA arrangements, the model for the northern and southern continents of the Americas, into the Pacific Basin. Under way, now, are various undertakings which pertain to that: Japan discussing a "deregulation" report prepared under the sponsorship of the head of its industrial association Keidanren, and preparing to deregulate its bond markets; Taiwan, changing its investment laws where they pertain to the People's Republic of China. The People's Republic of China is on the eve of a Central Committee meeting which is slated to adopt a new level of financial and fiscal reform, including, perhaps, full convertibility of the yuan, and it is being described as the most significant such reform since 1978. British cabinet

review of the status of ongoing talks with China over the future of Hong Kong, and the runup to 1997, is under way.

Seeking cheap labor in the East

And there is a similar, if less intense activity in Europe, featuring discussion between the European Union (the council of the European Community) and Russia over trade liberalization and the prospects for developing what are now being called, within Europe, *maquiladora*-style industries in the nations of the former Comecon bloc, chief among them the Czech and Slovak republics, Hungary, and former east Germany.

A report published by the German Industry and Trade Council the second week in November, in which corporations' plans to relocate to the East are discussed, makes familiar reading to Americans who have been through the NAFTA debate: High wage levels are destroying international competitiveness; firms have to relocate where wage and social costs are less. Favored zones include eastern Europe and the Far East. Fully 1 in 3 of the 10,000 large and medium-sized German companies surveyed plan on moving out over the next three years, into areas where wages and indirectly incurred social welfare and pension costs associated with employment, can be eight times less than they are inside Germany itself. This on behalf of total cost reductions of 20-30% to "remain competitive in global markets," according to the German Industry Federation.

Right after the APEC meeting, Britain and the People's Republic of China begin a new round of intensified discussions in Beijing, and German Chancellor Helmut Kohl sets off there to conclude trade and economic agreements, including with individual cities such as Shanghai. And then, by Dec. 15, the long-running Uruguay Round of the General Agreement on Tariffs and Trade (GATT) talks is supposed to be concluded.

There isn't, of course, any guarantee that the NAFTA agreement will pass. Many, for example, among the Democrats now targeted to support the agreement, were elected to this Congress specifically because they opposed the deal in tightly fought elections against Republican free-traders. They are now being asked to turn against the very people who put them into office in the first place.

And, if it doesn't pass, the globalization of the kind of arrangements negotiated with Mexico goes off the rails, and, presumably, a derivatives-driven financial equivalent of Armageddon is unleashed as El Dorado-type pipe dreams about the vast loot to be extracted from the hides of the populations of Ibero-America and Asia, evaporate. That club has already been brought into play, according to congressmen who report that they are essentially being asked to choose between the all-too-apparent domestic destruction wreaked by the agreement, and the international destruction which would follow in the wake of its rejection, and the U.S. President becoming a lame duck. This kind of armtwisting makes the lobbying efforts that the AFL-CIO trade union federation is accused

of undertaking seem like small beer indeed.

The financial crowd (pension funds and insurers actually) argue that what is at stake is a longer-run global restructuring designed to shift pension and health costs associated with the demographically aging population of the industrialized countries on to slave-type labor in Third World countries, in the process of "equalizing living standards" in the developed countries and in what they call the "emerging economies." Increased unemployment in once advanced sector nations is the "driver" for the "equalization."

Falling potential population density

This stuff is a technician's rationalization for genocide; even if couched in the euphemisms of the trade, it tends to become more and more transparent. If the advanced sector's contributions in producing, out of scientific discovery and the application of new principles in higher-productivity capital goods, are discontinued, as they have been, in effect, then "equalization" readily translates into declining potential of the whole human population to reproduce itself.

The Mexican case is typical. The architects of the NAFTA agreements assume that Mexico's agricultural labor force can be reduced to one-third of its current levels, because Mexico does not need to produce staples of its food supply, such as corn and wheat. They can be imported from the United States. But, the architects of the agreements are the same people who insist that the United States only use "non-structural" methods to deal with the ravages of this year's Mississippi Valley floods. They are proposing to rip out the accumulated infrastructure development which has made modern agricultural production in the Upper Mississippi and Missouri watersheds possible. What are Mexicans then supposed to be eating? Buffalo chips, produced by future herds proliferating over deserted farmland out of Ted Turner and Jane Fonda's breeding stock?

The broader extension of NAFTA, throughout the Americas and into Asia, brings the world's largest staple food producers into the arrangements, including Canada, Argentina, and Australia, overlapping with the GATT free trade lobbying group called the Cairns Group. Under such arrangements, global control of food production and distribution, under conditions of shortage beyond anything known in recent years, come into effect as the concomitant of the financial arrangements that also go by the name of "free trade."

What is at issue in the vote on NAFTA isn't really a U.S. issue at all. It is a question of global policy. Yes, U.S. jobs will be threatened, and lost. Yes, Mexico will be wrecked. Yes, secret agreements threaten the sovereignty of the United States, and all other nations. But under the kind of world the NAFTA designers envision, there will be no place for human beings, and human labor. What the world needs urgently are new economic arrangements based on equity for all and development for all, in the form of improved living standards and employment, not the New Age movement's New Age.